Canadian Pacific Investments Limited

Proceedings at the Annual Meeting of Shareholders Monday, May 1, 1978

Le Château Champlain
Place du Canada
Montreal, Canada

Canadian Pacific Investments Limited
Montreal, Canada

The following is a summary of the business transacted at the Annual Meeting of Shareholders held at Montreal, Canada, on May 1, 1978.

Mr. Ian D. Sinclair, Chairman of the Company, presided at the meeting and Mr. G. S. MacLean, General Manager, Administration and Corporate Secretary, acted as secretary.

After notice of the meeting had been read and the Report of the Scrutineers as to a quorum had been received, the Chairman declared the meeting to be regularly called and properly constituted for the transaction of business.

Minutes of the last Annual Meeting of Shareholders held on April 29, 1977 were confirmed.

The Auditors' Report to the Shareholders having been read, the Chairman, on behalf of the directors, placed before the meeting the Report of Directors, accompanying Consolidated Financial Statements and Report of the Auditors thereon for the year ended December 31, 1977.

The President of the Company, Mr. W. Moodie, then addressed the meeting as set out in this booklet, beginning at page 3.

The following were duly elected as Directors of the Company to hold office until the next Annual Meeting of Shareholders:

Mr. W. A. Arbuckle
Mr. F. S. Burbidge
Mr. F. E. Burnet
Mr. A. M. Campbell
Mr. Robert W. Campbell
Dr. John Macnamara
Mr. Angus A. MacNaughton
Mr. W. Moodie
Mr. S. E. Nixon
Mr. Paul L. Paré
Mr. Neil F. Phillips, Q.C.
Mr. Ian D. Sinclair
Mr. R. D. Southern
Mr. W. J. Stenason

Price Waterhouse & Co. were appointed Auditors of the Company for the ensuing year and the Board of Directors was authorized to fix the remuneration to be paid to the Auditors.

After the shareholders' meeting, the directors met and elected Officers of the Company and the Executive Committee as follows:

Officers of the Company

Mr. Ian D. Sinclair, Chairman of the Company and Chief Executive Officer
Mr. W. Moodie, President
Mr. W. J. Stenason, Executive Vice-President
Mr. P. A. Nepveu, Vice-President Finance and Accounting

The Executive Committee

Mr. W. A. Arbuckle
Mr. F. S. Burbidge
Mr. A. M. Campbell
Mr. W. Moodie
Mr. Paul L. Paré
Mr. Ian D. Sinclair

Text of address by the President, Mr. W. Moodie, to the Annual Meeting of Shareholders at Montreal, Canada, May 1, 1978.

Good morning ladies and gentlemen:

I am happy to join Mr. Sinclair in welcoming you to this 16th annual shareholders' meeting of CP Investments. It is always a pleasure to meet with our shareholders and to have the opportunity to say in person what and how the company is doing, and what its prospects are. It is particularly a pleasure, of course, when the company is doing very well indeed — as it is at the present time.

As you know from the annual report for 1977, earnings of $213 million in the past year set a new record, and there was improvement over the previous year in nearly every operating sector. The report points out the favorable effect on earnings of higher prices for oil, gas and lead and of increased volumes for all three products, and of the premium on the U.S. dollar. As well, it highlights the contributions made to earnings by companies acquired in 1976 — Steep Rock Iron Mines, Chateau Insurance and Baker Commodities.

I am pleased to be able to report to you today that consolidated net income of $53.5 million in the first three months of 1978 set a first quarter record. The increase over the same period last year amounted to $10.3 million, or more than 23 per cent, and earnings per common share of 88 cents were up 16 cents.

The operations that contributed most to the improvement were oil and gas, iron and steel, and logging and lumber, while principal decreases were in metal mining and hotels.

Income from PanCanadian Petroleum was up $8.0 million. This was attributable to continued high levels of oil and gas production and increased prices. Whether or not this trend is continued depends on gas deliveries by the company during the balance of the year and the level of these has yet to be firmly determined. Like many other producers, PanCanadian has large volumes of shut-in gas reserves for which export markets and expanded markets in Ontario and Quebec are needed if the present exploration momentum in western Canada is to be maintained.

Earnings from Cominco in the first quarter amounted to $4.5 million, down $3.4 million from the first quarter

of last year. Although demand for gold and refined lead continued to be strong, zinc prices were depressed and metallurgical operations were carried on at less than capacity in order to maintain inventories at acceptable levels. As a result, costs were adversely affected. Fertilizer production was higher than last year, reflecting the increased capacity of the Carseland plant, but sales were slow because of unfavorable weather. Although there are indications that the low point for zinc may have been reached, there are no signs yet of an upward trend that would benefit earnings in 1978. Earnings from Fording Coal were higher than in the first quarter of 1977, when sales to Japanese buyers had been reduced. Negotiations are now under way on the coal contract for the 1978-79 year.

Income from Great Lakes Paper of $1.4 million was $522,000 higher, reflecting the favorable U.S. dollar exchange rate and higher shipments for all products. Factors limiting further improvement were lower selling prices for kraft pulp and higher operating costs. Pacific Logging earned $1.7 million in the quarter, compared with $402,000 in the same period last year. Good weather made possible increased production of logs, and sales of both logs and lumber were higher.

The improvement in Algoma Steel's performance which began in the latter half of 1977 has continued into the first quarter of this year, when raw steel production, steel shipments and sales were all at record levels. The company's income from Algoma of $5.8 million was up $4.0 million over the first quarter of 1977. Algoma achieved its higher earnings despite having absorbed $3.0 million of strike expenses relating to coal operations in the United States. Income from Steep Rock Iron Mines was up $398,000, reflecting higher iron ore pellet production and the exchange premium on the U.S. dollar. Earnings of Dominion Bridge improved in the first quarter of 1978, notwithstanding some negative effects from the U.S. coal strike. CPI's share of these earnings also increased, largely reflecting acquisition of additional shares earlier this year.

The upward trend in earnings of Marathon Realty continued, mainly due to higher returns from shopping centres and industrial and residential buildings. The loss from CP Hotels increased because of rising costs and the limiting effect on revenues of depressed markets, notably in major cities.

The decrease in income from Finance was due largely to the sale of the company's leasing subsidiary after the close of the first quarter of 1977. Income from Other Operations was down because of the effects of lower prices for tallow and protein on the results of CanPac AgriProducts and differences in translating values. Investment income was up because of the combination of higher interest income and reduced interest expenses.

Although there are relatively few negative elements in the overall picture and the outlook remains promising, the improvement in first quarter results is not indicative of what should be expected over the balance of the year. A number of subsidiaries are involved in labor negotiations that could impair their earnings.

We view the longer term prospects of the company with confidence. We believe that the major expansion programs undertaken over the past few years by a number of our subsidiaries are sound investments and will yield increasingly good returns in the years to come. The development strategy of the company involves, among other things, reliance on the enterprise of the subsidiaries in spotting opportunities for growth and making the necessary plans for achieving it. There is also a place for new acquisitions and early in March the company announced that it had reached agreement to buy all the outstanding shares of Syracuse China Corporation of Syracuse, New York, for approximately $20.0 million. This company manufactures and markets chinaware, candles, and hand-cast tableware for the food service industry. The acquisition was accomplished by a merger between Syracuse China Corporation and a newly created subsidiary of CP Investments. The existing management of Syracuse will continue to direct the operations of the company. Our new associates are an experienced and competent management group and we believe they will make a valuable contribution to the progress of CPI.

Prior to this purchase, the company's interests in the United States represented investments by its subsidiaries. Cominco, for example, has long had a wholly-owned U.S. subsidiary whose activities include production and sales of fertilizers, metals and electronic materials; CanPac AgriProducts owns Baker Commodities, a rendering company that operates widely in the western United States; Algoma Steel has interests in coal mines in Virginia and iron ore properties in Michigan. PanCanadian is actively engaged,

through a subsidiary, in oil and gas exploration in a number of states. These, and other similar holdings, gave the company a net property investment of $185.0 million in the United States at the end of 1977. That dollar amount was equal to seven per cent of total net property investment.

The Syracuse purchase has some important advantages for the company, not the least of which is naturally the potentially good rate of return that can be earned on the investment. Another of its advantages is that it will broaden the company's markets and so tend to reduce its vulnerability to the wide cyclical swings encountered by the resource industries. The rapidly growing food services industry, which Syracuse serves, is closely linked to the relatively more stable consumer expenditure sector of the economy. Still another of its advantages is its location in the United States, where we think conditions are more favorable at present than anywhere else. Not only do we find the possibilities of the larger markets and the prospects for the growth of the U.S. economy attractive, but we are also influenced by the generally better understanding in that country, by government and the population as a whole, of business objectives and business achievements. We sense that the atmosphere there is fundamentally hospitable to enterprise and effort.

One feature of Dominion Bridge that has led us to increase our investment in that company is its expansion into the United States and the increasing proportion of its activities and sales there and in other growing foreign markets. The company's direct holding, together with Algoma's holding, now give it a fifty-one per cent interest in Dominion Bridge.

Over recent months Baker Commodities has purchased nine per cent of the shares of Holly Sugar Corporation of Colorado Springs as an investment pending further study of the industry and a decision as to any possible future action.

It can be expected that we will continue to study various opportunities for further broadening the company's earnings base. Our goal is to achieve balanced, orderly growth. Further market and geographical diversification is likely to be the road that will best take us towards that goal.

Canada has far too few companies that have the financial strength and the expertise to be able to operate successfully on a trans-national basis. We

believe that in the process of serving our shareholders, we are serving the country well in building a company that has these capabilities. The Canadian economy has benefited mightily from foreign capital, foreign technology and foreign management skills. This has never been entirely a one-way street, however, and it is fitting that it should, in future, become even less so, as Canadian companies achieve the size and strength that allow them to make use of investment opportunities abroad. As only a small part of the world economy, Canada could not, even under optimum conditions, provide all the outlets, or the particular outlets, that individual companies may need in order to expand profitably. The whole sound case that can be made for international trade can be made equally for the free flow of the activities of companies across national borders. The freer that flow, the greater the benefits to us all as a result of the more productive use of resources that is thereby facilitated.

While I am a firm believer in what has just been said, nonetheless, it should be cause for concern that the growing disposition of business to look outside this country for investment opportunities is increasingly due to unfavorable conditions that exist in Canada. In a study reported on in a recent issue of the Business Quarterly, published by the School of Business Administration of the University of Western Ontario, the authors say that: "In the 1960's motivation for Canadian direct investment abroad was largely viewed in positive terms, that is to grow big enough to compete successfully internationally meant the firm had to break through the small Canadian market syndrome. The bulk of such investment was undertaken as a means of diversifying operations both in geographic and product terms. Motivation for investing abroad in the late 1970's has been greatly accelerated by negative considerations as well, such as Canada's high inflation rates, government controls on prices, profits and executive salaries, strikes, union militancy and poor labor-management relations; federal-provincial jurisdictional disputes in mining and expropriation."

With regard to the importance that companies attach to their U.S. investments, the study says that: "The corporate vignettes of Canada's four major multinationals indicate their investment and involvement in the United States is substantial, increasing and critical to the success of their corporate strategies." While

Canadian Pacific Investments was not among those four multinationals, the comments could equally well be made about your company.

One of the most compelling reasons for trying to make Canada a more attractive place to invest is the need for more job creation. What could be done to strengthen the incentive to invest and brighten the employment picture? At present, there is little doubt that weakness of market demand and the resulting under-utilization of capacity provide little stimulus to make new investment. To the extent that this reflects general slackness in world markets, there is not much that can be done about it. To the extent that it is due to curtailment of domestic demand by the monetary and fiscal policies our various governments have adopted to fight inflation, there is room for manoeuvre, but not a great deal, unless we choose to ride the inflation escalator up again.

There can be little doubt, too, that the threats to Canada's political stability have had a negative influence on decisions to invest. The intrusion of this major uncertainty into the evaluations of risk that businessmen make may have tipped the scales against investment in Canada in some instances. It is of the highest importance that we succeed in resolving our political problems.

Another significant factor in diminishing Canada's ability to attract new investment is its higher costs. This is most widely known and commented upon in respect of labor costs, but it is also the case for materials and goods and services of many kinds and for the cost of capital as well. The fall in the value of the Canadian dollar over the past year has redressed a good part, but not all, of the cost imbalances created by the unrealistically high level of Canadian wages. It is not likely, however, that the twenty per cent productivity gap that is estimated to exist between Canada and the U.S. industry has yet been overcome. This will not be achieved by the exchange rate. A devaluation can reduce our costs, but it will not correct the conditions that led to the costs being higher.

A cluster of factors that discourage investment in Canada can be grouped under the handy, but perhaps overworked, term "government interference". In the broadest possible terms, government activities consist of three functions — taxing, spending and regulating. By their orientation towards taxing heavily or lightly,

towards spending wisely or wastefully, to regulating reasonably or punitively, they can inhibit or encourage the wealth producing activities of their citizens. To be specific about government interference in Canada we need to look at all three functions.

I hasten to say at the outset that documents such as the federal government's working paper "The Way Ahead", made public at the end of 1976, the more recent "Agenda for Co-operation", and the reassessment of their roles by some provincial governments are all encouraging signs that the peak of government interference may have passed. Nonetheless, it remains a matter of pressing concern to many business people. In a recent survey by the Conference Board in Canada, government policies were named as the second principal deterrent to investment spending, just after weak market demand.

Political leaders at all levels of government may well be reading from the public a sense of frustration and dissatisfaction with the fruits of having placed so much reliance on governments to handle economic affairs. And if the public senses this from direct experience, a new breed of pragmatic economists, using sophisticated technology, is discovering that the distortions caused by governmental remedies are as large as business critics have long claimed they were. The findings of these economists confirm that, in many cases, the side effects of government programs swamp any beneficial results the programs may have had. This should be the signal not for business to self-righteously denounce all government initiatives in advance, but rather for governments to value the judgments of practical business people about the implications and the long term effects of economic policies.

To the extent that governments do translate into policies and actions their new awareness of the need to play a more limited role, the private sector in Canada will come alive. Earlier I spoke about the long term growth objectives of our company, and our interest in penetrating U.S. markets. However, with net property investment in Canada of over $2.3 billion, representing 89 per cent of the total, our major interests are in this country and will continue to be for the foreseeable future. Our primary concern is to earn a good return on this investment. Our decisions to make further investments will be based, as usual, on a weighing of a number of factors. These include not only rate of

return, market growth, and type of market, but also such things as government policies, tax structure, the extent of regulation, and the degree of stability and predictability of the economic and political environment.

I am afraid that despite some evidence of a changed outlook, too few politicians and not enough government officials yet take seriously the degree to which business takes these latter elements into consideration.

With taxes in Canada taking close to 40 per cent of the gross national product, we all know they are too high. Yet when governments speak of exercising restraint, they seem to be talking even now about simply not increasing that share further. What would encourage investment is a commitment that over a reasonable period of time governments will reduce their toll on the economy.

While the total tax bill is too high and acts as a drag on the economy, the impact of certain kinds of taxes and of particular tax regulations can create problems or interfere with business decisions. A tax that readily comes to mind in this connection is the capital gains tax, introduced in this country in 1971. For a country where investment so often involves heavy risks, but where risk-taking has never ranked as a dominant national characteristic, the taxing of capital gains seems singularly inappropriate. Since the tax was first introduced it is true that it has been tempered somewhat for individual taxpayers. But even so, it is a tax that is biased against investment. There is also the taxation of natural resource industries, where the result of overlapping tax exactions can actually be confiscatory. In that case, the remedy is mainly the resolution of federal-provincial conflicts over taxing powers. But in the main, this, and other tax problems, can best be tackled at the source, namely governments' perceived needs for so much money that so many taxes, including inappropriate ones, have to be pressed into service.

This brings us to government spending. In the first instance, governments spend on the staffs employed to carry on government business. As government business has grown, the number of employees in the public sector has grown even faster. And faster still has been the rate of growth of public payrolls, as salary scales, fringe benefits and job security provided to public employees have moved ahead of those in the private sector. Quite apart from the burden of this on the taxpayer, it pushes up the demands made by labor

on the private sector, and hence raises the general cost level.

Governments also spend to provide goods and services. In too many cases these could be provided more efficiently and cheaply by private companies. In some areas we have government-owned enterprises competing directly with private companies. The case against government involvement in investment has nowhere been made more effectively than by Adam Smith, who wrote:

> "The statesman who should attempt to direct private people in what manner they ought to employ their capitals, would not only load himself with a most unnecessary attention, but assume an authority which could safely be trusted to no council and senate whatever, and which would nowhere be so dangerous as in the hands of a man who had folly and presumption enough to think himself fit to exercise it."

Governments also spend on subsidizing activities that are no longer competitive. This is necessarily done at the expense of enterprises that are vigorous and healthy. It is understandable that it might seem desirable to save jobs by propping up a dying industry or keeping a sickly company going. But the other half of the picture is the employment that is lost through the misallocation of scarce capital resources.

Then, governments spend to achieve social objectives — the provision of educational and health services, the redistribution of income and the provision of income security. When the Prime Minister said recently that the Canadian government had moved too far too fast, he must have had in mind particularly the vast array of programs of this kind that have been put in place over such a short period. Worthy as the objectives of such programs are, the economic result has been to encourage consumption at the expense of saving. Hayek reminds us that:

> "It may sound noble to say 'damn economics, let us build up a decent world' — but it is, in fact, merely irresponsible . . . Our only chance of building a decent world is that we continue to improve the general level of wealth."

To that I need only add that no more certain way of improving the general level of wealth has ever been found, or is likely to be found, than through saving and capital accumulation.

As to government regulation, I would be the first to admit that government regulation of business today is, in part, a reflection of business failure to respond to some of the new imperatives of society. But that neither explains nor justifies the maze of rules and regulations through which businesses are expected to find their way and survive.

The federal government's proposed competition bill is a clear instance of legislation that would impose harsh and unwarranted strictures on business operations. If enacted, its alleged benefits to consumers would be negligible, in contrast to the damage it would do to business enterprise.

Next only to ill-conceived and insensitively enforced regulation, business fears most the unpredictability of government actions and the uncertainty that this creates. The possibility that regulations may change in the future in ways that cannot be predicted — that new standards may be applied retroactively, for example — leaves the businessman without that sense of direction that allows him to make commitments into the future.

We are realists. We know that the politicians and officials of governments have their problems just as we have ours. We do not expect them to see things through our eyes. We appreciate it, however, when they listen to what we tell them we see. And we see very clearly the need for continuing a vigorous fight against inflation with suitable monetary and fiscal policies — and in the latter category the most important is reduced government spending. We see the need for a climate in which the initiative and the enterprise of the private sector are encouraged, in which adequate rewards are allowed for saving and for risk-taking. In that more hospitable environment, private enterprise would soon give the economy the sound stimulus it needs — new investment to create greater productive capability and new jobs to ease the unemployment problem.

Before concluding my remarks, I want to express the thanks of all shareholders to the management and staffs of our operating companies for the splendid job they are doing. It takes many kinds of human strengths to build a successful business. The success we have achieved is a measure of the high quality of our human resources, and it is these resources that we rely on for the company's future.

AR38

News AR38

Canadian Pacific Investments Limited

Reference: Robert Rice
Montreal
(514) 861-6811, Ext. 738

Release: Immediate, Aug. 4, 1978

~~[illegible]~~ done Aug 5/78

CANADIAN PACIFIC INVESTMENTS

REPORTS FIRST HALF EARNINGS

MONTREAL - Canadian Pacific Investments Limited today reported record consolidated net income for the first six months of 1978 of $117.7 million, or $1.94 per common share. This compares with $111.2 million, or $1.85 per share, in the same period of 1977.

Income before extraordinary item increased $15.1 million, or 23 cents per common share. Earnings from oil and gas, iron and steel, real estate, and forest products were higher, and the only significant decreases were in results of metal mining and hotels.

PanCanadian Petroleum Limited's higher earnings were attributable to a combination of increased prices and greater volumes of oil and gas production. In the second quarter, the rate of increase in earnings slowed, reflecting reductions from the same quarter of 1977 in sales volumes of most products. During

MORE

the first half of 1978, PanCanadian participated in the drilling of 216 wells, of which 66 were exploratory and 150 development. Exploratory drilling resulted in two oil and 29 gas wells, and the development program yielded 20 oil and 114 gas wells.

Income from Cominco Ltd., at $12.5 million, was down $6.8 million from the previous year. Continuing weakness in the world zinc market was the principal factor in the lower earnings. Prices for zinc were substantially below those of the first half of 1977 and unit costs were adversely affected by operating curtailments in efforts to control inventory levels. Positive factors were the improved prices received for lead, gold and silver; higher fertilizer sales; and the U.S. dollar exchange premium. Increased coal shipments accounted for an improvement in earnings of Fording Coal Limited.

Income from The Great Lakes Paper Company, Limited amounted to $4.0 million, up $789,000 because of increased sales volumes of all products and the U.S. dollar exchange premium. The rate of earnings growth was limited, however, as a result of depressed kraft pulp price and higher operating costs. An increase of $2.0 million in income from Pacific Logging Company Limited was attributable to better prices and to higher sales of logs and lumber.

MORE

CPI's income from iron and steel operations rose to $20.4 million from $10.8 million in the first half of 1977, reflecting increases in earnings from The Algoma Steel Corporation, Limited, Steep Rock Iron Mines Limited and Dominion Bridge Company, Limited.

Marathon Realty Company Limited earnings were boosted by a net gain on sales of its residential interests in British Columbia during the second quarter. In addition to its own continuing development activity, Marathon acquired in the first six months of the year three shopping centre properties having a total of 1.1 million square feet and four office buildings with more than 400,000 square feet of space.

Further losses incurred by CP Hotels reflect continued severe competitive pressures and weak markets that adversely affected both domestic and foreign operations.

The sale of CPI's leasing subsidiary in April, 1977, and lower earnings of Chateau Insurance Company accounted for the decrease in income from Finance. Investment income was down from the first half of 1977, when there were substantial gains on sales of securities.

Income from Other Operations, although slightly lower for the six months, was higher in the second quarter due to the acquisition of Syracuse China Corporation in April, 1978, and also to substantial sales of tallow by Baker Commodities Inc.

MORE

Both these U.S.-based companies are now owned by Canellus Incorporated, a new U.S. subsidiary which is owned by Canellus International N.V., a subsidiary incorporated in the Netherlands earlier this year to hold the non-Canadian interests of CPI. The results of Commandant Properties Limited, a minor subsidiary owning forest lands, have been transferred from Other Operations to Forest Products.

Prospects for the remainder of the year are that demand for most products except zinc and gas will remain strong, and in the case of zinc indications of a turnaround are growing. The strike at Algoma Steel and the outcome of labor negotiations at Great Lakes Paper may signficantly affect the results of those operations.

30

CANADIAN PACIFIC INVESTMENTS LIMITED

STATEMENT OF CONSOLIDATED INCOME

	Unaudited			
	Quarter Ended June 30		Six Months Ended June 30	
	1978	1977	1978	1977
	(in thousands)			
Oil and gas *	$ 29,267	$ 26,299	$ 62,787	$ 51,770
Mines and minerals *	11,439	14,210	19,091	24,320
Forest products *	4,187	3,313	7,400	4,670
Iron and steel *	12,223	7,612	20,392	10,836
Real estate *	5,175	3,364	7,493	5,307
Hotels and food services	(1,390)	(240)	(5,040)	(2,051)
Finance	548	726	1,244	1,789
Other operations	1,887	972	2,905	2,923
Investment income	883	3,195	1,445	3,044
Income before extraordinary item (after income taxes of $66,452,000; 1977 - $42,248,000; six months $102,856,000; 1977 - $72,611,000)	64,219	59,451	117,717	102,608
Extraordinary item	-	8,542	-	8,542
Net income	$ 64,219	$ 67,993	$ 117,717	$ 111,150
Earnings per common share				
Income before extraordinary item	$1.06	$0.99	$1.94	$1.71
Net income	1.06	1.13	1.94	1.85

*After interest of outside shareholders.

The extraordinary item in 1977 represents net gain on disposal of investment in a subsidiary.

The Company's income from iron and steel operations rose to $20.4 million, from $10.8 million in the first half of 1977, reflecting increases in earnings from Algoma Steel, Steep Rock Iron Mines and Dominion Bridge.

Marathon Realty's earnings were boosted by a net gain on sales of its residential interests in British Columbia during the second quarter. In addition to its own continuing development activity, Marathon acquired in the first six months of the year three shopping centre properties having a total of 1.1 million square feet and four office buildings with over 400,000 square feet of space.

Further losses incurred by CP Hotels reflect continued severe competitive pressures and weak markets that adversely affected both domestic and foreign operations.

The sale of the Company's leasing subsidiary in April 1977 and lower earnings of Chateau Insurance accounted for the decrease in income from Finance. Investment income was down from the first half of 1977, when there were substantial gains on sales of securities.

Income from Other Operations, although slightly lower for the six months, was higher in the second quarter due to the acquisition of Syracuse China Corporation in April 1978, and also to substantial sales of tallow by Baker Commodities. Both these U.S.-based companies are now owned by Canellus Incorporated, a new U.S. subsidiary which is owned by Canellus International N.V., a subsidiary incorporated in the Netherlands earlier this year to hold the non-Canadian interests of CPI. The results of Commandant Properties, a minor subsidiary owning forest lands, have been transferred from Other Operations to Forest Products.

Prospects for the remainder of the year are that demand for most products except zinc and gas will remain strong, and in the case of zinc indications of a turnaround are growing. The strike at Algoma Steel and the outcome of labour negotiations at Great Lakes Paper may significantly affect the results of those operations.

President

Chairman and
Chief Executive Officer

Montreal, August 4, 1978

Canadian Pacific Investments Limited

Report for the six months ended June 30, 1978

Report for the six months ended June 30, 1978

Canadian Pacific Investments Limited

AUG 22 1978

To the Shareholders:

For the first six months of 1978 consolidated net income amounted to a record $117.7 million, or $1.94 per common share, compared with $111.2 million, or $1.85 per share, in the same period of 1977.

Income before extraordinary item increased $15.1 million, or 23 cents per common share. Earnings from oil and gas, iron and steel, real estate, and forest products were higher, and the only significant decreases were in results of metal mining and hotels.

PanCanadian Petroleum's higher earnings were attributable to the combination of increased prices and greater volumes of oil and gas production. In the second quarter the rate of increase in earnings slowed, reflecting reductions from the same quarter of 1977 in sales volumes of most products. During the first half of 1978, PanCanadian participated in the drilling of 216 wells, of which 66 were exploratory and 150 development. Exploratory drilling resulted in 2 oil and 29 gas wells, and the development program yielded 20 oil and 114 gas wells.

Income from Cominco, at $12.5 million, was down $6.8 million from the previous year. Continuing weakness in the world zinc market was the principal factor in the lower earnings. Prices for zinc were substantially below those of the first half of 1977 and unit costs were adversely affected by operating curtailments in efforts to control inventory levels. Positive factors were the improved prices received for lead, gold and silver; higher fertilizer sales; and the U.S. dollar exchange premium. Increased coal shipments accounted for an improvement in earnings of Fording Coal.

Income from Great Lakes Paper amounted to $4.0 million, up $789,000 because of increased sales volumes of all products and the U.S. dollar exchange premium. The rate of earnings growth was limited, however, as a result of depressed kraft pulp price and higher operating costs. An increase of $2.0 million in income from Pacific Logging was attributable to better prices and to higher sales of logs and lumber.

Unaudited
(in thousands)

Statement of Consolidated Income

	Quarter ended June 30		Six months ended June 30	
	1978	1977	**1978**	1977
Oil and gas*	**$29,267**	$26,299	**$ 62,787**	$ 51,770
Mines and minerals*	**11,439**	14,210	**19,091**	24,320
Forest products*	**4,187**	3,313	**7,400**	4,670
Iron and steel*	**12,223**	7,612	**20,392**	10,836
Real estate*	**5,175**	3,364	**7,493**	5,307
Hotels and food services	**(1,390)**	(240)	**(5,040)**	(2,051)
Finance	**548**	726	**1,244**	1,789
Other operations	**1,887**	972	**2,905**	2,923
Investment income	**883**	3,195	**1,445**	3,044
Income before extraordinary item (after income taxes of $66,452,000; 1977 – $42,248,000; six months $102,856,000; 1977 – $72,611,000)	**64,219**	59,451	**117,717**	102,608
Extraordinary item	**—**	8,542	**—**	8,542
Net income	**$64,219**	$67,993	**$117,717**	$111,150
Earnings per common share				
Income before extraordinary item	**$1.06**	$0.99	**$1.94**	$1.71
Net income	**1.06**	1.13	**1.94**	1.85

*After interest of outside shareholders.

The extraordinary item in 1977 represents net gain on disposal of investment in a subsidiary.

Statement of Changes in Consolidated Financial Position

	Six months ended June 30	
	1978	1977
Source of Funds		
Funds from operations*	**$323,052**	$247,234
Sale of investments	**4,227**	3,130
Issuance of long term debt	**110,257**	87,351
Proceeds from disposal of properties	**19,051**	2,973
Issuance of preferred shares by subsidiaries	**50,000**	50,000
Working capital position of subsidiaries sold or acquired	**127,093**	18,520
	$633,680	$409,208
Application of Funds		
Additions to properties	**$222,815**	$150,234
Additions to investments	**28,428**	21,683
Cost of acquisition of/(proceeds from sale of) subsidiaries	**27,676**	(71,359)
Additions to lease receivables (net)	**—**	202
Reduction in long term debt	**34,577**	46,097
Dividends declared	**21,571**	20,436
Dividends paid outside shareholders of subsidiaries	**22,882**	19,087
Sundries (net)	**17,422**	9,962
Increase in working capital	**258,309**	212,866
	$633,680	$409,208

*Net income before the following: extraordinary item, depreciation, depletion, amortization, deferred income taxes, equity in income retained by associated company and outside shareholders' interest in income of subsidiaries.

AR38

Canadian Pacific Investments Limited

Notice of Annual Meeting of Shareholders

The Annual Meeting of the Shareholders of Canadian Pacific Investments Limited will be held on Monday, May 1st, 1978, at Le Château Champlain, Place du Canada, Montreal, Quebec at 11:00 a.m. (daylight saving time, if operative), for the following purposes:

a. to receive the Report of the Directors, accompanying Consolidated Financial Statements and Report of the Auditors thereon, for the year ended December 31st, 1977;

b. to elect directors;

c. to appoint the auditors and to authorize the Board of Directors to fix their remuneration; and

d. to transact such other business as may properly come before the meeting.

The Board of Directors has by resolution fixed the time, before which proxies to be used at the annual meeting or any adjournments thereof must be deposited at Montreal, Quebec, with the Company or the Montreal Trust Company as Agent for the Company, at twenty-four hours, excluding Saturdays and holidays, preceding the annual meeting or any adjournments thereof.

By order of the Board,
G. S. MacLean, General Manager, Administration
and Corporate Secretary.
Montreal, March 2nd, 1978.

Note: If you are unable to attend the meeting in person please complete and return the enclosed form of proxy.

Information Circular

(Dated as of February 28, 1978)

Solicitation of Proxies

This information circular is furnished in connection with the solicitation by the management of Canadian Pacific Investments Limited of proxies for use at the annual meeting of shareholders of the Company to be held on Monday, May 1st, 1978, at Le Château Champlain, Montreal, Quebec, and at any adjournments thereof. The total cost of solicitation will be borne by the Company.

Appointment of Nominees and Revocation of Proxies

At all meetings of shareholders of the Company every shareholder is entitled to give one vote for each share then held by him and such vote may be given in person or by proxy whether or not the nominee appointed by such proxy is himself a shareholder.

A shareholder giving a proxy has the right under subsection 108.2(5) of the *Canada Corporations Act* to revoke the proxy by instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the head office of the Company at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used or with the chairman of such meeting on the day of the meeting, or adjournment thereof.

Voting Shares as Specified

Shares represented by properly executed proxies in favour of the persons designated in the printed portion of the enclosed form of proxy will be voted or withheld from voting, as specified therein, on any ballot that may be called for and, where the shareholder specifies a choice with respect to any matter to be acted upon, such shares will be voted in accordance with any specification so made. **IN THE ABSENCE OF SUCH SPECIFICATION SUCH SHARES WILL BE VOTED FOR THE ELECTION OF DIRECTORS AND THE APPOINTMENT OF AUDITORS AND THE GRANTING OF AUTHORITY TO THE BOARD OF DIRECTORS TO FIX THE AUDITORS' REMUNERATION AS STATED UNDER THE HEADINGS "ELECTION OF DIRECTORS" AND "APPOINTMENT OF AUDITORS" IN THIS CIRCULAR.**

Exercise of Discretion by Nominees

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting, and with respect to other matters which may properly come before the meeting. At the date of this information circular, the management of the Company knows of no such amendments, variations or other matters to come before the meeting.

Voting Shares

On February 28th, 1978, there were entitled to be voted at the meeting 60,704,118 Common Shares without nominal or par value, each carrying one vote, and 46,679 4¾% Cumulative Redeemable Convertible Voting Preferred Shares, Series A, each carrying one vote. The Company has not fixed a record date and, in accordance with the *Canada Corporations Act*, subsection 105(5), the failure of any shareholder of the Company to receive a notice of the time and place for holding a meeting of shareholders of the Company does not deprive the shareholder of a vote at the meeting if the shareholder is registered on the books of the Company at least forty-eight hours, excluding Saturdays and holidays, before the time set for the meeting.
As of February 28th, 1978, Canadian Pacific Limited owned 50,000,000 Common Shares representing 82.30% of the voting shares of the Company.

Election of Directors

The by-laws of the Company provide that the Board of Directors shall consist of fourteen directors. Each director elected will hold office until the next annual meeting of shareholders and until his successor is duly elected. The persons listed on the following page, will retire as directors at the forthcoming annual meeting on May 1st, 1978, and they are eligible and will be nominated for re-election. The management does not contemplate that any of the nominees will be unable to serve as a director but, if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Information as of February 28, 1978, as to the fourteen nominees is as follows:

Names of nominees and offices held in Company	Date on which present term of office expires	Major offices held in significant affiliated companies	Principal occupation or employment	Director since	Number of shares of Company or Canadian Pacific Limited beneficially owned
*†W. A. Arbuckle	May 1, 1978	Director — Canadian Pacific Limited	Chairman of the Company, Celanese Canada Limited, Montreal, engaged in the business of manufacturing synthetic fibres, fabrics and carpets and chemical products.	1964	10,000 Common Shares of C.P. Investments Limited 5,500 C.P. Limited Ordinary Shares
* F. S. Burbidge	May 1, 1978	President and Director — Canadian Pacific Limited; Director — Canadian Pacific (Bermuda) Limited, Canadian Pacific Steamships, Limited, Canadian Pacific Transport Company, Limited, Cominco Ltd., Marathon Realty Company Limited and Soo Line Railroad Company	President, Canadian Pacific Limited, Montreal.	1972	400 Common Shares of C.P. Investments Limited 5,200 C.P. Limited Ordinary Shares
F. E. Burnet	May 1, 1978	Chairman of the Board and Director — West Kootenay Power and Light Company, Limited; Director — Cominco Ltd. and Pine Point Mines Limited	Chairman and Chief Executive Officer, Cominco Ltd., Vancouver, engaged in the business of mining, metals, chemicals and fertilizers.	1973	400 Common Shares of C.P. Investments Limited
*†A. M. Campbell	May 1, 1978	Nil	Chairman, Sun Life Assurance Company of Canada, Montreal.	1962	7,700 Common Shares of C.P. Investments Limited 2,500 C.P. Limited Ordinary Shares
Robert W. Campbell	May 1, 1978	Director — Cominco Ltd., Fording Coal Limited and PanCanadian Petroleum Limited	Chairman of the Board and Chief Executive Officer, PanCanadian Petroleum Limited, Calgary, engaged in exploration, production, transportation, processing and marketing of oil and gas.	1973	200 Common Shares of C.P. Investments Limited
John Macnamara	May 1, 1978	Director — The Algoma Steel Corporation, Limited	President and Chief Executive Officer, The Algoma Steel Corporation, Limited, Sault Ste. Marie, a fully integrated iron and steel production company.	1975	200 Common Shares of C.P. Investments Limited
† Angus A. MacNaughton	May 1, 1978	Nil	Vice Chairman and Chief Executive Officer, Genstar Limited, Montreal, engaged in diversified industrial operations.	1975	1,000 Common Shares of C.P. Investments Limited
* W. Moodie, President	May 1, 1978	Vice-President and Director — Canadian Pacific Securities Limited; Director — Canadian Pacific Hotels Limited, Chateau Insurance Company, Cominco Ltd., Marathon Realty Company Limited, PanCanadian Petroleum Limited and Steep Rock Iron Mines Limited	President, Canadian Pacific Investments Limited, Montreal.	1974	1,000 Common Shares of C.P. Investments Limited
† S. E. Nixon	May 1, 1978	Director — Canadian Pacific (Bermuda) Limited and Cominco Ltd.	Corporate Director and Financial Consultant, Montreal.	1962	2,000 Common Shares of C.P. Investments Limited
* Paul L. Paré	May 1, 1978	Director — Canadian Pacific Limited	President and Chief Executive Officer, Imasco Limited, Montreal, a parent operating company with tobacco, food and retail divisions.	1974	5,000 Common Shares of C.P. Investments Limited 5,000 C.P. Limited Ordinary Shares
Neil F. Phillips, Q.C.	May 1, 1978	Nil	Partner, Law Firm of Phillips & Vineberg, Montreal.	1977	250 Common Shares of C.P. Investments Limited
* Ian D. Sinclair, Chairman and Chief Executive Officer	May 1, 1978	Chairman and Chief Executive Officer and Director — Canadian Pacific Limited; Chairman and Director — Canadian Pacific Air Lines, Limited; Vice-President and Director — Cominco Ltd. and PanCanadian Petroleum Limited; Director — Canadian Pacific (Bermuda) Limited, Canadian Pacific Securities Limited, Canadian Pacific Steamships, Limited, Marathon Realty Company Limited, Pacific Logging Company Limited, Soo Line Railroad Company and The Great Lakes Paper Company, Limited	Chairman and Chief Executive Officer, Canadian Pacific Limited, Montreal.	1962	30,000 Common Shares of C.P. Investments Limited 7,625 C.P. Limited Ordinary Shares 1,000 C.P. Limited Pfd. Shares Series A
R. D. Southern	May 1, 1978	Nil	President and Chief Executive Officer, ATCO Industries Limited, Calgary, engaged in manufacturing.	1974	1,000 Common Shares of C.P. Investments Limited
W. J. Stenason, Executive Vice-President	May 1, 1978	Vice-President and Director — Pacific Logging Company Limited and The Great Lakes Paper Company, Limited; Director — Baker Commodities 1976 Inc., Canadian Pacific Hotels Limited, Canadian Pacific Securities Limited, CanPac AgriProducts Limited, Chateau Insurance Company, Cominco Ltd., Commandant Properties, Limited, Fording Coal Limited, Marathon Realty Company Limited, PanCanadian Petroleum Limited, Steep Rock Iron Mines Limited and The Algoma Steel Corporation, Limited	Executive Vice-President, Canadian Pacific Investments Limited, Montreal.	1974	200 Common Shares of C.P. Investments Limited 1,750 C.P. Limited Ordinary Shares

*Member of Executive Committee
†Member of Audit Committee

Statement

Directors' and Officers' Remuneration from the Company and its Subsidiaries
Sub paragraph 33(r)(v) of the Canada Corporations Regulations

Nature of Remuneration Earned

	Directors' fees	Salaries	Bonuses	Non-accountable expense all.	Other	Total
	$	$	$	$	$	$
Remuneration of Directors						
(A) Number of directors: Fourteen						
(B) Body Corporate incurring the expense						
Canadian Pacific Investments Limited	70,950					70,950
The Algoma Steel Corporation, Limited	22,950					22,950
Cominco Ltd.	37,908					37,908
The Great Lakes Paper Company, Limited	8,400					8,400
Marathon Realty Company Limited	1,833					1,833
Midland Simcoe Elevator Company, Limited	450					450
PanCanadian Petroleum Limited	13,250					13,250
Pine Point Mines Limited	2,400					2,400
Steep Rock Iron Mines Limited	12,150					12,150
West Kootenay Power and Light Company, Limited	400					400
Remuneration of Officers						
(A) Number of officers whose aggregate remuneration exceeds $40,000: Two						
(B) Body Corporate incurring the expense						
Canadian Pacific Investments Limited		189,600				189,600
The Great Lakes Paper Company, Limited		4,600				4,600
Steep Rock Iron Mines Limited		3,600				3,600
Totals	$170,691	$197,800	$	$	$	$368,491

The estimated aggregate cost to the Company and its subsidiaries in 1977 of all benefits proposed to be paid under any pension or retirement plan upon retirement at normal retirement age to the persons mentioned in the foregoing table was $69,100.

The Company has no stock option plan. Cominco Ltd., a subsidiary, does grant options to certain full time employees of Cominco Ltd. and its subsidiaries to purchase its common shares. In the period since January 1, 1977, grants were made, on May 2, 1977, to directors or officers of the Company and in consideration of employment with Cominco Ltd. or its subsidiaries, comprising, in total, options to purchase 3,750 common shares at a purchase price of $32.63, to expire on April 30, 1982. During the thirty days preceding the granting of such options the price range of the optioned securities was as follows: high — $38.50; low — $34.00. Since January 1, 1977 no options to purchase the common shares of Cominco Ltd. were exercised by any director or officer of the Company.

In April, 1975 an Executive Incentive Performance Plan was initiated by another subsidiary, PanCanadian Petroleum Limited, and was approved by the Board of Directors of that company in August, 1975. Under the Plan certain senior officers and directors, who were then full time employees of PanCanadian Petroleum Limited, may be eligible for additional compensation in the event there is significant growth in the average earnings per share during the four fiscal years 1975 through 1978 and also if the market price of the common shares of PanCanadian Petroleum Limited at April 1st, 1979 is greater than the price thereof on April 1st, 1975. The Plan contemplates continuous employment with PanCanadian Petroleum Limited by the participants during the above period of time. Accordingly, whether or not any additional compensation will be payable under the Plan, and the amount thereof, will not be determinable until April, 1979.

Canadian Pacific Investments Limited (CPI)

CPI has undertaken to guarantee the short and long term obligations of its wholly-owned subsidiary, Canadian Pacific Securities Limited, up to an amount fixed by the Board of Directors. At February 28th, 1978, the total amount guaranteed, including accrued interest, was approximately $481,810,000.

On January 17, 1977 CPI subscribed for 1,000,000 additional common shares of CanPac AgriProducts Limited at a value of $1.00 per share.

On February 15, 1977, CPI issued $0.9 million 4⅞% income debentures to Canadian Pacific Limited, and during the period redeemed $3 million 7¼% income debentures, $0.9 million 4⅞% income debentures, $2.8 million 6% income debentures, $1.5 million 5¾% income debentures and $8.7 million 5⅛% income debentures, all having been issued to Canadian Pacific Limited.

On April 1, 1977, CPI sold all of its holdings in CanPac Leasing Limited to The Royal Bank of Canada for $71,359,000.

In December, 1977, CPI subscribed for 35,000 additional common shares of Chateau Insurance Company for a consideration of $3,500,000.

In January, 1978, CPI subscribed for 50,000 additional common shares of Canadian Pacific Hotels Limited for a consideration of $5,000,000.

In 1978, up to February 28th, CPI acquired an additional 136,800 shares of Dominion Bridge Company, Limited which, when added to those already owned by the Company and by another subsidiary, The Algoma Steel Corporation, Limited, totalled 50.49% of the oustanding shares of Dominion Bridge.

Canadian Pacific Securities Limited (CPSL)

During the period loans made by CPSL to CPI and its associated or affiliated companies, less loans repaid by the respective companies, were as follows:

Canadian Pacific Hotels Limited	$13,928,000
Canadian Pacific Investments Limited	415,000
Cominco Ltd.	27,093,000
Fording Coal Limited	15,178,000
Marathon Realty Company Limited	25,300,000
Pacific Logging Company Limited	1,409,000

Chateau Insurance Company

On September 30, 1977, Chateau Insurance Company acquired the Canadian business and certain assets of the Great American Insurance Company for $7.3 million.

Appointment of Auditors

Price Waterhouse & Co. have served as auditors of the Company since January 31st, 1964 and will be nominated for reappointment to the office of auditors of the Company for a term expiring at the close of the next annual meeting of shareholders to be held in 1979 at a remuneration to be fixed by the Board of Directors.

The contents and the sending of this information circular have been approved by the directors of the Company.

G. S. MacLean,
General Manager, Administration
and Corporate Secretary.

Dated at Montreal, Quebec, as of February 28, 1978.

PRINTED IN CANADA

Participation des membres du conseil d'administration et de la haute direction aux activités du groupe pendant la période du 1er janvier 1977 au 28 février 1978

Investissements Canadien Pacifique Limitée (ICP)

ICP s'est engagé à garantir les obligations à court et à long termes de sa filiale en toute propriété, Les Valeurs Mobilières Canadien Pacifique Limitée, dans la limite d'un plafond établi par le conseil d'administration. Au 28 février 1978, cette garantie totale s'élevait à environ $481 810 000, intérêts courus compris.

Le 17 janvier 1977, ICP a souscrit 1 000 000 d'actions ordinaires supplémentaires d'Agroproduits CanPac Limitée au prix d'un dollar l'action.

Le 15 février 1977, ICP a émis à Canadien Pacifique Limitée $0.9 million de débentures à intérêt conditionnel, 4⅞ % et a remboursé pendant la période $3 millions de débentures à intérêt conditionnel, 7¼ %, $0.9 million de débentures à intérêt conditionnel, 4⅞ %, $2.8 millions de débentures à intérêt conditionnel, 6%, $1.5 million de débentures à intérêt conditionnel, 5¾ % et $8.7 millions de débentures à intérêt conditionnel, 5⅛ %, ayant toutes été émises à Canadien Pacifique Limitée.

Le 1er avril 1977, ICP a vendu sa part de Location CanPac Limitée à la Banque Royale du Canada pour $71 359 000.

En décembre 1977, ICP a acquis 35 000 actions ordinaires supplémentaires de Château Compagnie d'Assurance pour un montant de $3 500 000.

En janvier 1978, ICP a acheté 50 000 actions ordinaires supplémentaires de Canadian Pacific Hotels Limited pour un montant de $5 000 000.

En 1978, jusqu'au 28 février, ICP a acquis 136 800 actions supplémentaires de Dominion Bridge Company, Limited qui, ajoutées à celles qu'ICP et sa filiale, The Algoma Steel Corporation, Limited, possédaient déjà, ont porté sa participation à 50.49% des actions en circulation de Dominion Bridge.

Les Valeurs Mobilières Canadien Pacifique Limitée (Les Valeurs Mobilières)

Pour la période considérée, les prêts consentis par Les Valeurs Mobilières à ICP et à ses compagnies associées ou affiliées, déduction faite des remboursements de prêts antérieurs, se répartissent comme suit:

Canadian Pacific Hotels Limited	$13 928 000
Investissements Canadien Pacifique Limitée	415 000
Cominco Ltée	27 093 000
Fording Coal Limited	15 178 000
La Société Immobilière Marathon, Limitée	25 300 000
Pacific Logging Company Limited	1 409 000

Château Compagnie d'Assurance

Le 30 septembre 1977, Château Compagnie d'Assurance a fait l'acquisition des entreprises canadiennes et de certains éléments d'actif de Great American Insurance Company pour $7.3 millions.

Désignation des vérificateurs

Price Waterhouse & Cie sont les vérificateurs de la Compagnie depuis le 31 janvier 1964 et la reconduction de leurs fonctions sera proposée pour l'exercice se terminant à l'issue de la prochaine assemblée générale annuelle des actionnaires de 1979, à une rémunération à fixer par le conseil d'administration.

Le contenu et l'envoi de la présente circulaire d'information ont été approuvés par le conseil d'administration de la Compagnie.

Le directeur général, Administration et secrétaire,
G. S. MacLean

Montréal (Québec), le 28 février 1978.

Rémunération des membres du conseil d'administration et de la haute direction

Rémunération des membres du conseil d'administration et de la haute direction de la Compagnie et de ses filiales

Sous-alinéa 33(r) (v) des règlements sur les corporations canadiennes

Nature de la rémunération

	Honoraires des membres du conseil d'administration	Salaires	Gratifications	Allocations accordées sans pièces justificatives	Autres	Total
	$	$	$	$	$	$
Rémunération des membres du conseil d'administration						
(A) Nombre de membres: quatorze						
(B) Payeurs:						
Investissements Canadien Pacifique Limitée	70 950					70 950
The Algoma Steel Corporation, Limited	22 950					22 950
Cominco Ltée	37 908					37 908
The Great Lakes Paper Company, Limited	8 400					8 400
La Société Immobilière Marathon, Limitée	1 833					1 833
Midland Simcoe Elevator Company, Limited	450					450
PanCanadian Petroleum Limited	13 250					13 250
Pine Point Mines Limited	2 400					2 400
Steep Rock Iron Mines Limited	12 150					12 150
West Kootenay Power and Light Company, Limited	400					400
Rémunération des membres de la haute direction						
(A) Nombre de membres dont la rémunération globale dépasse $40 000: deux						
(B) Payeurs:						
Investissements Canadien Pacifique Limitée		189 600				189 600
The Great Lakes Paper Company, Limited		4 600				4 600
Steep Rock Iron Mines Limited		3 600				3 600
Totaux	$170 691	$197 800	$	$	$	$368 491

En 1977, le coût estimatif global pour la Compagnie et ses filiales de toutes les pensions qu'elles se proposent de payer en vertu d'un régime de retraite aux personnes mentionnées sur le tableau précédent advenant leur retraite à l'âge normal, s'est élevé à $69 100.

La Compagnie n'a pas de programme d'option d'achat d'actions. Cominco Ltée, filiale de la Compagnie, offre des options d'achat de ses actions ordinaires à certains employés à temps plein de Cominco Ltée et de ses filiales. Depuis janvier 1977, des options d'achat, en date du 2 mai 1977, ont été octroyées à des cadres supérieurs et membres du conseil d'administration de la Compagnie employés par Cominco Ltée ou ses filiales, et ces options d'achat, expirant le 30 avril 1982, représentent un total de 3 750 actions à un prix d'achat de $32.63. Dans les trente jours précédant l'octroi de ces options, les variations du cours des titres offerts ont été les suivantes: max. — $38.50; min. — $34. Depuis le 1er janvier 1977, aucune option d'achat d'actions ordinaires de Cominco Ltée n'a été exercée par les membres du conseil d'administration et cadres supérieurs de la Compagnie.

En avril 1975, une autre filiale, PanCanadian Petroleum Limited, a établi un programme de gestion par intéressement qui a été approuvé par le conseil d'administration de cette compagnie en août 1975. Aux termes de ce programme, certains cadres supérieurs et membres du conseil d'administration alors employés à temps plein de PanCanadian Petroleum Limited pourraient avoir droit à une rémunération supplémentaire dans le cas de croissance importante des bénéfices moyens par action durant les quatre exercices fiscaux de 1975 à 1978 et également dans le cas où le cours du marché des actions ordinaires de PanCanadian Petroleum Limited au 1er avril 1979 serait supérieur au cours du 1er avril 1975. Il est prévu dans le programme que les participants doivent demeurer au service de PanCanadian Petroleum Limited pendant la période susmentionnée. Ainsi, il ne sera pas possible de déterminer avant avril 1979 s'il faudra verser une rémunération supplémentaire en vertu de ce programme, ni le montant de ce versement éventuel.

Noms des candidats et postes occupés dans la Compagnie	Date d'expiration du mandat	Principaux postes occupés dans d'importantes compagnies affiliées	Occupation principale	Membre du conseil depuis	Nombre d'actions de la Compagnie ou de Canadien Pacifique Limitée détenues à titre bénéficiaire
*†W. A. Arbuckle	1er mai 1978	Membre du conseil d'administration — Canadien Pacifique Limitée	Président du conseil de la compagnie, Celanese Canada Limitée, Montréal, (fabrication de fibres synthétiques, de tissus et tapis et de produits chimiques)	1964	10 000 actions ordinaires d'Investissements C.P. Limitée 5 500 actions ordinaires de C.P. Limitée
* F. S. Burbidge	1er mai 1978	Président et membre du conseil d'administration — Canadien Pacifique Limitée; membre du conseil d'administration — Canadian Pacific (Bermuda) Limited, Canadian Pacific Steamships, Limited, Canadian Pacific Transport Company, Limited, Cominco Ltée, La Société Immobilière Marathon, Limitée et Soo Line Railroad Company	Président, Canadien Pacifique Limitée, Montréal	1972	400 actions ordinaires d'Investissements C.P. Limitée 5 200 actions ordinaires de C.P. Limitée
F. E. Burnet	1er mai 1978	Président du conseil et membre du conseil d'administration — West Kootenay Power and Light Company, Limited; membre du conseil d'administration — Cominco Ltée et Pine Point Mines Limited	Président du conseil et chef de la direction, Cominco Ltée, Vancouver, (mines, métallurgie, produits chimiques, engrais)	1973	400 actions ordinaires d'Investissements C.P. Limitée
*†A. M. Campbell	1er mai 1978	Aucun	Président du conseil, Sun Life du Canada, compagnie d'assurance-vie, Montréal	1962	7 700 actions ordinaires d'Investissements C.P. Limitée 2 500 actions ordinaires de C.P. Limitée
Robert W. Campbell	1er mai 1978	Membre du conseil d'administration — Cominco Ltée, Fording Coal Limited et PanCanadian Petroleum Limited	Président du conseil et chef de la direction, PanCanadian Petroleum Limited, Calgary, (pétrole et gaz, exploration, production, traitement, transport et commercialisation)	1973	200 actions ordinaires d'Investissements C.P. Limitée
John Macnamara	1er mai 1978	Membre du conseil d'administration — The Algoma Steel Corporation, Limited	Président et chef de la direction, The Algoma Steel Corporation, Limited, Sault-Sainte-Marie, (production de fer et d'acier)	1975	200 actions ordinaires d'Investissements C.P. Limitée
†Angus A. MacNaughton	1er mai 1978	Aucun	Vice-président du conseil et chef de la direction, Genstar Limitée, Montréal, (diverses exploitations industrielles)	1975	1 000 actions ordinaires d'Investissements C.P. Limitée
* W. Moodie Président	1er mai 1978	Vice-président et membre du conseil d'administration — Les Valeurs Mobilières Canadien Pacifique Limitée; membre du conseil d'administration — Canadian Pacific Hotels Limited, Château Compagnie d'Assurance, Cominco Ltée, La Société Immobilière Marathon, Limitée, PanCanadian Petroleum Limited et Steep Rock Iron Mines Limited	Président, Investissements Canadien Pacifique Limitée, Montréal	1974	1 000 actions ordinaires d'Investissements C.P. Limitée
†S. E. Nixon	1er mai 1978	Membre du conseil d'administration — Canadian Pacific (Bermuda) Limited et Cominco Ltée	Administrateur de sociétés et conseiller financier, Montréal	1962	2 000 actions ordinaires d'Investissements C.P. Limitée
* Paul L. Paré	1er mai 1978	Membre du conseil d'administration — Canadien Pacifique Limitée	Président et chef de la direction, Imasco Limitée, Montréal, (compagnie mère d'intérêts dans les domaines du tabac, de l'alimentation et du commerce de détail)	1974	5 000 actions ordinaires d'Investissements C.P. Limitée 5 000 actions ordinaires de C.P. Limitée
Neil F. Phillips, C.R.	1er mai 1978	Aucun	Associé, Phillips & Vineberg, Montréal	1977	250 actions ordinaires d'Investissements C.P. Limitée
* Ian D. Sinclair Président du conseil et chef de la direction	1er mai 1978	Président du conseil, chef de la direction et membre du conseil d'administration — Canadien Pacifique Limitée; président du conseil et membre du conseil d'administration — Lignes aériennes Canadien Pacifique, Limitée; vice-président et membre du conseil d'administration — Cominco Ltée et PanCanadian Petroleum Limited; membre du conseil d'administration — Canadian Pacific (Bermuda) Limited, Les Valeurs Mobilières Canadien Pacifique Limitée, Canadian Pacific Steamships, Limited, La Société Immobilière Marathon, Limitée, Pacific Logging Company Limited, Soo Line Railroad Company et The Great Lakes Paper Company, Limited	Président du conseil et chef de la direction, Canadien Pacifique Limitée, Montréal	1962	30 000 actions ordinaires d'Investissements C.P. Limitée 7 625 actions ordinaires de C.P. Limitée 1 000 actions privilégiées, série A, de C.P. Limitée
R. D. Southern	1er mai 1978	Aucun	Président et chef de la direction, ATCO Industries Limited, Calgary, (industries manufacturières)	1974	1 000 actions ordinaires d'Investissements C.P. Limitée
W. J. Stenason Vice-président exécutif	1er mai 1978	Vice-président et membre du conseil d'administration — Pacific Logging Company Limited et The Great Lakes Paper Company, Limited; membre du conseil d'administration — Baker Commodities 1976 Inc., Canadian Pacific Hotels Limited, Les Valeurs Mobilières Canadien Pacifique Limitée, Agroproduits CanPac, Limitée, Château Compagnie d'Assurance, Cominco Ltée, Les Propriétés Commandant Limitée, Fording Coal Limited, La Société Immobilière Marathon, Limitée, PanCanadian Petroleum Limited, Steep Rock Iron Mines Limited et The Algoma Steel Corporation, Limited	Vice-président exécutif, Investissements Canadien Pacifique Limitée, Montréal	1974	200 actions ordinaires d'Investissements C.P. Limitée 1 750 actions ordinaires de C.P. Limitée

*Membre du comité exécutif
†Membre du comité de vérification

Investissements Canadien Pacifique Limitée

Avis d'assemblée générale annuelle des actionnaires

L'assemblée générale annuelle des actionnaires d'Investissements Canadien Pacifique Limitée se tiendra le lundi 1er mai 1978 au Château Champlain, Place du Canada, Montréal (Québec), à onze heures du matin (heure avancée, si elle est en vigueur), pour traiter les questions suivantes:

a. Examen du rapport du conseil d'administration, ainsi que des états financiers consolidés accompagnés du rapport des vérificateurs pour l'exercice clos le 31 décembre 1977;
b. Élection des membres du conseil d'administration;
c. Nomination des vérificateurs et habilitation du conseil d'administration à fixer leur rémunération;
d. Débat sur toute question dont l'assemblée peut normalement être saisie.

Le conseil d'administration a, par résolution, fixé à vingt-quatre heures, sans compter les samedis et jours fériés, précédant l'assemblée générale annuelle des actionnaires ou toutes assemblées qui en tiennent lieu en cas d'ajournement, le délai de dépôt à Montréal, province de Québec, à la Compagnie ou à la Compagnie Montréal Trust, agent de la Compagnie, des procurations à utiliser à l'assemblée générale annuelle des actionnaires ou à toutes assemblées qui en tiennent lieu en cas d'ajournement.

Par ordre du conseil d'administration
Le directeur général, Administration et secrétaire, G. S. MacLean

Montréal, le 2 mars 1978

N.B. S'il vous est impossible d'assister à l'assemblée, veuillez remplir et retourner la formule de procuration ci-jointe.

Circulaire d'information

(au 28 février 1978)

Procurations

La présente circulaire accompagne la demande de procuration de la direction d'Investissements Canadien Pacifique Limitée pour l'assemblée générale annuelle des actionnaires qui se tiendra le lundi 1er mai 1978 au Château Champlain, Montréal, Québec, et pour toutes assemblées qui en tiendront lieu en cas d'ajournement. Les frais de cette demande sont à la charge de la Compagnie.

Désignation des mandataires et révocation des procurations

A toutes les assemblées générales des actionnaires de la Compagnie, chacun d'eux dispose d'une voix par action et peut voter en personne ou par procuration, que le mandataire de cette procuration soit ou non actionnaire de la Compagnie.

La procuration est toujours révocable en vertu du paragraphe 108.2(5) de la *Loi sur les corporations canadiennes* par acte écrit de l'actionnaire ou de son fondé de pouvoir. Si les actions appartiennent à une corporation, l'acte de révocation doit être revêtu de son sceau corporatif ou de la signature d'un cadre de la haute direction ou d'un fondé de pouvoir de la corporation dûment autorisé, et être déposé au siège social de la Compagnie au plus tard le dernier jour ouvrable avant l'assemblée, ou l'assemblée qui en tient lieu en cas d'ajournement, au cours de laquelle doit être utilisée la procuration, ou remis au président de ladite assemblée le jour de l'assemblée ou de l'assemblée qui en tient lieu en cas d'ajournement.

Droit de vote spécifié des mandataires

Les mandataires désignés en bonne et due forme dans la formule de procuration ci-jointe seront admis à voter, à proportion des actions représentées, ou à s'abstenir de voter si la procuration le spécifie, à toute consultation par scrutin pour laquelle le mandant, en établissant la procuration, aura précisé son choix sur la question soumise au scrutin. Leur vote sera conforme aux instructions ainsi données. **SI AUCUNE INSTRUCTION N'EST DONNÉE, LES DROITS DE VOTE SERONT EXERCÉS DANS LE SENS DE LA MENTION "AUTORISER" L'ÉLECTION DES MEMBRES DU CONSEIL D'ADMINISTRATION, LA NOMINATION DES VÉRIFICATEURS ET L'HABILITATION DU CONSEIL D'ADMINISTRATION À FIXER LA RÉMUNÉRATION DES VÉRIFICATEURS COMME IL EST SPÉCIFIÉ SOUS LA RUBRIQUE "ÉLECTION DES MEMBRES DU CONSEIL D'ADMINISTRATION" ET "NOMINATION DES VÉRIFICATEURS" DANS LA PRÉSENTE CIRCULAIRE.**

Latitude laissée aux mandataires

La procuration donne aux mandataires pouvoir de se prononcer sur les modifications ou amendements apportés aux questions à l'ordre du jour, ainsi que sur les autres questions dont l'assemblée générale peut normalement être saisie. A la date de la présente circulaire d'information, la direction de la Compagnie n'a connaissance d'aucun amendement, modification ou autre question dont l'assemblée pourrait être saisie.

Actions comportant droit de vote

Au 28 février 1978, il y avait 60 704 118 actions ordinaires sans valeur nominale ou au pair, donnant droit à une voix chacune à l'assemblée et 46 679 actions privilégiées rachetables et convertibles, à 4¾% cumulatif, série A, donnant droit à une voix chacune. La Compagnie n'a pas fixé de date limite d'inscription, et, aux termes de la *Loi sur les corporations canadiennes,* paragraphe 105(5), s'il arrive qu'un actionnaire de la Compagnie n'ait pas reçu d'avis indiquant la date, l'heure et le lieu de l'assemblée générale des actionnaires de la Compagnie, il conserve son droit de vote à l'assemblée à condition de s'être inscrit aux registres de la Compagnie au moins quarante-huit heures, sans compter les samedis et jours fériés, avant l'heure d'ouverture de l'assemblée.

Au 28 février 1978, Canadien Pacifique Limitée possédait 50 000 000 d'actions ordinaires, représentant 82.30% des droits de vote de la Compagnie.

Élection des membres du conseil d'administration

D'après les règlements de la Compagnie, le conseil d'administration doit compter quatorze membres. Une fois élus, les membres du conseil d'administration demeurent en fonction jusqu'à la prochaine assemblée générale annuelle des actionnaires et jusqu'à ce que leur successeur soit régulièrement élu. Les personnes dont les noms figurent à la page suivante voient leurs mandats s'achever à l'assemblée générale annuelle du 1er mai 1978 et, comme elles sont rééligibles, leur réélection sera proposée. La direction estime que les candidats sont dignes d'occuper les fonctions de membre du conseil d'administration mais s'ils en devenaient incapables avant l'assemblée générale, pour quelque raison que ce soit, les titulaires de la procuration ci-jointe auraient le droit de voter pour d'autres candidats de leur choix. Voici les renseignements en notre possession au 28 février 1978 sur les quatorze candidats: